

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: August 4-5, 2004

Reference No.: 3.7
Information Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Chief
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Ref: **INTERCITY RAIL – 4th QUARTER OPERATIONS REPORT FOR FY 2003-04**

SUMMARY

This is the Intercity Rail Operations Report requested by the California Transportation Commission (Commission) for the 4th Quarter of Fiscal Year (FY) 2003-04. The report provides ridership, farebox ratio, and passenger miles per train mile with descriptive text for each route. When staff prepared this report, the Department of Transportation (Department) had not received final fourth quarter on-time performance and financial information from Amtrak. The resulting ridership data covers April through June 2004, while revenue information reflects third quarter (January through March 2004) receipts.

California provides funding and administrative support for expanded Amtrak intercity rail passenger service on three corridors within the state: the *Pacific Surfliner Route* between San Diego, Los Angeles and San Luis Obispo; the *San Joaquin Route* to Bakersfield from both Oakland and Sacramento; and the *Capitol Corridor* between the Sacramento region, Oakland and San Jose. These trains are, respectively, the second, third, and fifth busiest routes in the entire national Amtrak system. The Department administers State support for the *Pacific Surfliner* and *San Joaquin* routes, while a separate agency—the Capitol Corridor Joint Powers Authority—provides administrative support for the third corridor using funding provided through the Department.

Overall ridership on California's three State-supported Amtrak intercity rail passenger corridors grew 5.8 percent this quarter compared to the fourth quarter in FY 2002-03.

Financial indicators for the services remain strong with third quarter revenues five percent above the comparable quarter of FY 2002-03. The combined farebox ratio for the quarter was 43 percent—three percentage points higher than the 40 percent figure from last fiscal year's 3rd quarter data.

Passenger Miles per Train Mile (PM/TM), a measure of the average number of passengers on board an individual train at any one time, was 92 PM/TM—5.1 percent below the 97 PM/TM of the third quarter of last year.

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The following graphs depict the combined results of the three State-supported rail corridors in California. Route specific charts are in the sections for each route that follow.



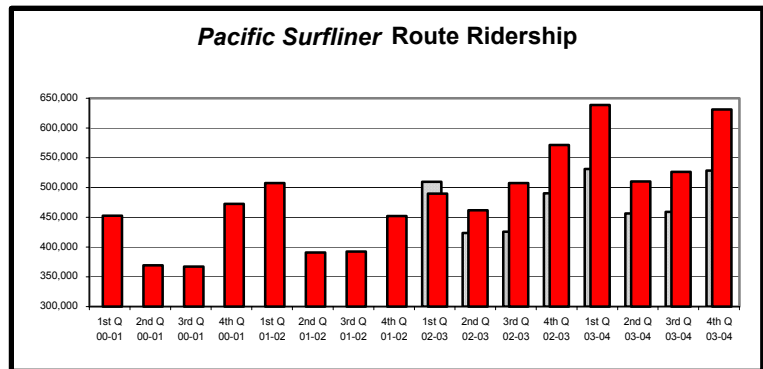
Note: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projection

Intercity Rail 4th Quarter Operations Report for FY 2003-04

Pacific Surfliner Route

There are currently eleven weekday round trips between Los Angeles and San Diego, four of which are through trains between San Diego and Goleta (Santa Barbara). One of the four Santa Barbara round trips continues north to and from San Luis Obispo. On weekends there is a twelfth round trip between San Diego and Los Angeles and a fifth round trip between Los Angeles and Santa Barbara.

Continuing on the heels of a record 2002-03 fiscal year when more than 2 million passengers rode the service, *Pacific Surfliner* ridership continued its growth through the fourth quarter of FY 2003-04 (April through June 2004). With just over 630,000 passengers, total ridership for the fourth quarter was 9.4 percent higher than the previous year and exceeded the Business Plan projection for the quarter by nearly 16 percent.



The Amtrak and Metrolink “Rail 2 Rail” program, which provides for mutual honoring of tickets for travel on trains of either system, continues to help spur ridership increases on both Amtrak and Metrolink services.

Based on successfully increased ridership from this Amtrak-Metrolink program, the Department and the North County Transit District started a *Coaster* “Rail 2 Rail” program on April 1, 2004 between Oceanside and San Diego in San Diego County. Although initially a six-month trial, the Department anticipates the program will become a permanent fixture as *Coaster* service realizes similar growth in ridership and revenues as has been experienced by Metrolink and Amtrak. *Coaster*’s “Rail 2 Rail” ridership more than doubled during this fourth quarter of FY 2003-04, from 2,500 in April to 4,700 in May to almost 5,400 in June.

In addition to the “Rail 2 Rail” program, targeted marketing to Hispanic and senior markets also contributed to higher ridership and revenue on the corridor.

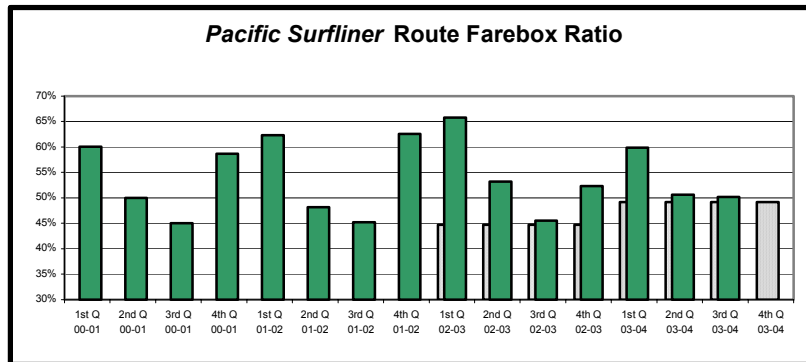
Final on-time performance reports for June 2004 remained unavailable as of mid-July. However, a destructive structural fire along the Gaviota Bridge between San Luis Obispo and Santa Barbara disrupted train service for approximately a week during early June. Necessary detours accommodated passengers with alternative transportation on Amtrak buses. April and May 2004 on-time performance continued to remain strong with approximately 90 percent on-time train arrivals.

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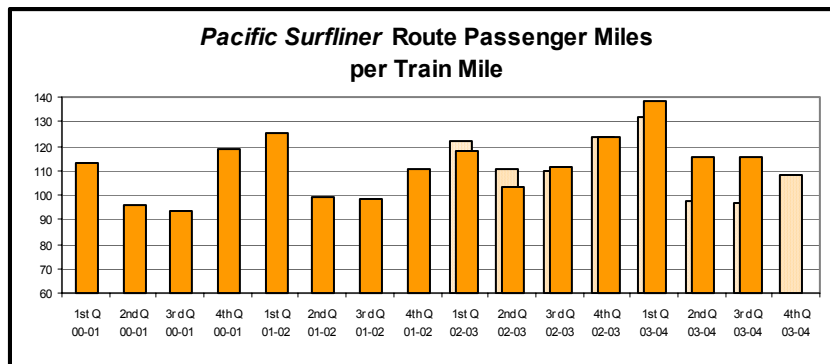
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Pacific Surfliner Route (continued)

Revenues for the third quarter (January through March 2004) of FY 2003-04 from the *Pacific Surfliner* increased 8.6 percent compared to the same quarter from the previous year. Expenses decreased slightly (0.7%) during the same period—25% less than the business plan projection. Third quarter farebox recovery was 50.2 percent, compared to 46 percent recovery achieved in the third quarter of FY 2002-03, which remained above the Business Plan projection of 49 percent.



Third quarter PM/TM climbed 2.5 percent from 112 passenger miles per train mile to 115. Continued growth of this indicator is, in large part, an effect of the “Rail-2-Rail” program that brings short-distance Metrolink (and now *Coaster*) riders onto the Amtrak trains.



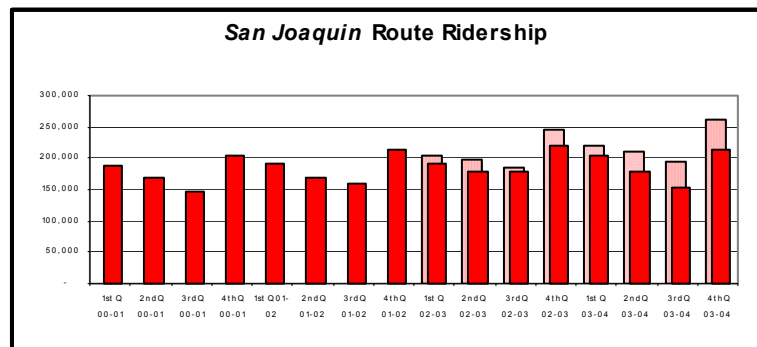
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4th Quarter Operations Report for FY 2003-04

San Joaquin Route

Six daily train round trips currently serve the *San Joaquin Route*: four operating between Bakersfield and Oakland/San Francisco and two operating between Bakersfield and Sacramento. All six round trips have dedicated bus connections to stations throughout Southern California. On the north end, similar buses connect Sacramento with the Oakland trains and San Francisco/Oakland with the Sacramento trains, thus providing six daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to Yosemite and other communities throughout central and northern areas of the state.

Compared to the comparable quarters of the prior fiscal year, fourth quarter ridership on the *San Joaquin* posted a decline compared to the same quarter in FY 2002-03. Total ridership for the FY 2003-04 fourth quarter (April through June 2004) fell by 5,600 riders or nearly 2.6 percent compared to the same quarter the year before. These figures came 17.6 percent below the Business Plan projection. The primary contributor to the decline in



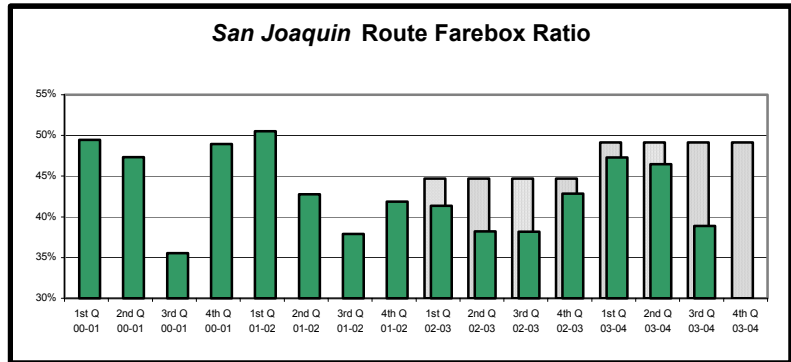
fourth quarter ridership compared to last year was the compromised levee break that caused widespread flooding in the San Joaquin River delta. Trains between Stockton and Martinez were delayed, detoured, or cancelled (with Bay Area passengers accommodated on Amtrak buses) at various times from June 4 until July 2. San Joaquin passengers opted to use other means of transportation in several instances. Final on-time performance figures for June will likewise reflect this situation, although April and May trains arrived on-time 70 and 75 percent each month, respectively.

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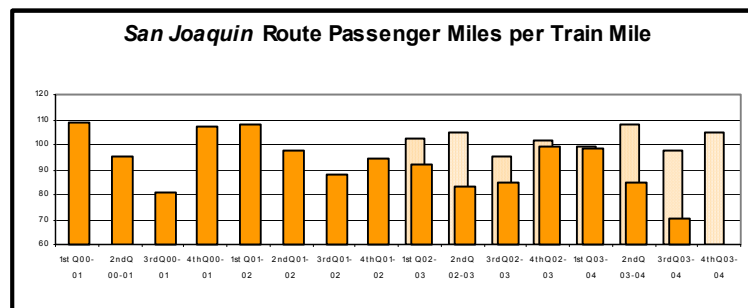
4th Quarter Operations Report for FY 2003-04

San Joaquin Route (continued)

With revenues up 3.4 percent over the third quarter of FY 2003-04 and expenses 1.7 percent greater than the same quarter last year, the *San Joaquin's* farebox recovery improved from 38 percent to 38.9 percent. This third quarter's farebox ratio is below the 49 percent farebox recovery projected by the Business Plan for this year. Two reasons, discussed below, help explain this difference.



The Passenger Miles/Train Mile ratio for the third quarter of the fiscal year was 70 Passenger Miles/Train Mile, down from the PM/TM ratio of 85 during the third quarter of FY 2002-03 and below the 98 PM/TM Business Plan projection. Two key factors contributed to this not unexpected drop in PM/TM. First, prior year (2002-2003) third quarter ridership received a boost from a “50 Percent Off” fare promotion, resulting in passengers making longer trips. The most price-sensitive of the three state-supported Corridors, nearly one-quarter of all *San Joaquin* riders took advantage of this promotion its two-month duration. Also contributing to the decline in third quarter ridership compared to last year was a maintenance “track blitz” that took the track between Bakersfield and Fresno out of service for two weeks. Although a “bus bridge” was in place connecting the two cities, many *San Joaquin* passengers opted to use other means of transportation rather than transfer onto the buses—particularly those travelers who were already riding buses between Bakersfield and Los Angeles.

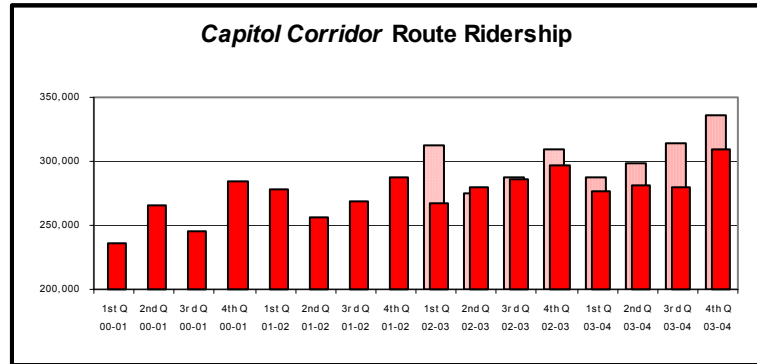


Intercity Rail 4th Quarter Operations Report for FY 2003-04

Capitol Corridor

Twelve weekday round trips currently operate between Oakland and Sacramento, with the twelfth added in April 2003. One round trip each day continues to Auburn, and four round trips extend beyond Oakland to San Jose. On weekends there are nine Oakland-Sacramento round trips, with six round trips extending to San Jose and one to Auburn.

The *Capitol Corridor* again posted increases in FY 2003-04 fourth quarter ridership when compared to the fourth quarter for FY 2002-03. Total fourth quarter ridership (April through June 2004) rose by 4.2 percent compared to the same quarter the year before, although 7.9 percent below the quarter's projection in the Business Plan.



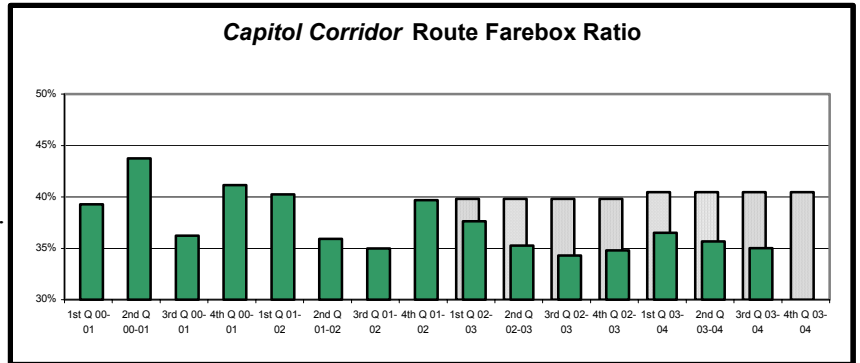
On-time performance, with graphics to be shown in a future quarterly report, averaged over 90 percent in April and May 2004—a significant improvement from the low of 70 percent performance in the fourth quarter of the prior fiscal year (April, May, and June of 2003). Working together, the Capitol Corridor Joint Powers Authority and Union Pacific Railroad have adopted a number of measures to improve the on-time performance along the Corridor. These efforts, coupled with the completion of the Department-funded double tracking of the Yolo Causeway and other signal improvements, brought on-time performance beyond the 90 percent goal. However, June on-time performance is anticipated to be below 80 percent because increased freight traffic and its corresponding schedule adjustments have temporarily generated delays across the causeway. Union Pacific is now trying to facilitate these freight movements through the new trackage. Rerouting of *San Joaquin* trains over the causeway to bypass flooding between Stockton and Martinez contributed to Capitol Corridor delays in June, too.

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Capitol Corridor (continued)

Revenues for the third quarter were two percent below the same quarter the prior fiscal year. Expenses rose 3.9 percent but were 20 percent less than Business Plan projections, reflecting efforts by the Capitol Corridor and Amtrak to control costs. Farebox recovery in the third quarter came in at 35 percent—essentially unchanged from the same quarter of the prior fiscal year.



Beginning June 2, 2004, the Capitol Corridor Joint Powers Authority implemented peak seasonal fare pricing as well as 10% fare increases on multi-ride rail passes to increase revenues.

PM/TM decreased during the third quarter from 91 to 84. The PM/TM ratio is also below the Business Plan projection of 89.

